

Message Text

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PAGE 01 QUITO 08696 151330Z
ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 /018 W
----- 010179 /53
R 151229Z DEC 76
FM AMEMBASSY QUITO
TO USDAO WASHDC
INFO SECSTATE WASHDC 2523
AMCONSUL GUAYAQUIL

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E.O. 11652: N/A
TAGS: BEXP EC
SUBJ: WTDR/FTI 76-145 LA PREVISORA BANCO NACIONAL DE CREDITO

REF: (A) USDOC 18348 TO GUAYAQUIL (B) QUITO CONFIDENTIAL
4411 TO SECSTATE (C) GUAYAQUIL LOU 1849
(D) QUITO 8695

1. ECUADOR 2 CNTRY CODE: 331 3. SER NO: 0094100

4. LA PREVISORA BANCO NACIONAL DE CREDITO

REQUESTED AS: LA PREVISORA NATIONAL BANK OF CREDIT

4A. CODE: B 4B. CODE: 02 4C. CODE: X

5. CASILLA 44; BOULEVARD 9 DE OCTUBRE 110

6. BUAYAQUIL, ECUADOR

7. ESTABL: 1920 8. EMPL: 1338 9. SIZE: (18-X)
VARY LARGE

10. REPUTATION: SEE REFTELS B AND D.

11. PROVIDES SERVICES THROUGHOUT ECUADOR

12. RPT. DATE: 12/76

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13A. 60270/9 PRIVATE COMMERCIAL BANK ACCEPTING DEPOSITS

FROM THE PUBLIC.

14. OFFICER: RODRIGO ICAZACANDEL TITLE: GMGR

15. CABLE: PREVISOR 16. TELEX: 3219 GUAYAQUIL

17. PHONE: 306100

18. ALLEGED FINANCIAL REFS: ALL LEADING BANKS IN ECUADOR.
U.S. AND ELSEWHERE.

19. FOREIGN FIRMS REPRESENTED: NONE.

20. LARGEST PRIVATE COMMERCIAL BANK IN ECUADOR. HAS
22 BRANCHE OFFICES SCATTERED THROUGHOUT ECUADOR AND CLAIMS
TO HAVE 54 FOREIGN BANKS AS CORRESPONDENTS. OFFICER LISTED
UNDER PARA 14, ECUADOREAN, AGE 40, WAS APPOINTED GENERAL
MANAGER IN 1974 AFTER HIS FATHER
RETIRED FROM SAME POSITION THAT YEAR AND DIED IN JUNE,
1975. ACCORDING TO PRESS ("EL UNIVERSO") RELEASE OF
NOVEMBER 12, BANK'S CURRENT AUTHORIZED CAPITAL IS 225 MILLION
SUCRES (DOLS 9 MILLION). THIS CAPITAL IS CONTROLLED BY
OVER 1,000 SHAREHOLDERS. ACCORDING TO LATEST (NOVEMBER
8) BALANCE SHEET PUBLISHED BY BANK, SURPLUS AMOUNTED TO
131 MILLION SUCRES (DOLS 5.2 MILLION) AND PRIVATE DEPOSITS
AMOUNTED TO 2,657,093,426 SUCRES (DOLS 106.2 MILLION).
WALTER SPURRIER'S (GUAYAQUIL ECONOMIC COMMENTATOR WHO PREPARES
WTDRS) COMMENTS FOLLOW: IN THE PAST TWO WEEKS
BANK HAS EXPERIENCED A DECREASE IN DEPOSITS AS A RESULT OF
A SLIGHT PANIC CAUSED BY RUMORS THAT BANK WAS NOT IN SOUND
FINANCIAL STANDING.
THE SITUATION WAS BROUGHT UNDER CONTROL BY MENAS OF A
CENTRAL BANK 250 MILLION SUCRES (DOL 10 MILLION) LOAN
WHICH BROUGHT LA PREVISORA'S FUNDS UP TO THE MINIMUM
REQUIRED BY LAW. THIS LOAN HAD BEEN PRECEDED BY A
SIMILAR ONE WICH HAD AMOUNTED TO 190 MILLION SUCRES
(DOLS 7.6 MILLION) BY THE MIDDLE OF 1976. HOWEVER,
ACCORDING TO LATEST BALANCE SHEET THE BANK STILL APPEARS
TO HAVE INSUFFICIENT OPERATIONAL FUNDS. THE BANK'S
SITUATION MAY HAVE DETERIORATED DUE TO THE RECENT
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WITHDRAWAL OF PRIVATE DEPOSITS. CURRENT BANK'S PROBLEMS
ARE (1) OVERGRANTING OF LOCAL CREDIT (B) OVERGRANTING OF
COINDORSEMENTS GUARANTEEING TRANSACTIONS WITH FOREIGN
BANKS. THE BANK'S OPERATIONS WERE UNDER SUPERVISION BY
GOE'S SUPERINTENDENCY OF BANKS FROM SUMMER 1975 UNTIL
JULY 1976. THE SUPERVISION HAS BEEN
REINSTATED IN THE PAST FEW DAYS
THE RECENT RESIGNATIONS OF THE GENERAL MANAGER OF THE CENTRAL

BANK AND THE PRESIDENT OF THE MONETARY BOARD WERE PROBABLY CAUSAL FACTORS IN THE MINI PANIC CONCERNING LA PREVISORA, SINCE BOTH THESE OFFICIALS HAD CONTENTED THAT LA PREVISORA WAS INADEQUATELY SUPERVISED BY THE SUPERINTENDENCY OF BANKS. END OF SPURRIERS'S COMMENTS. IT IS WIDELY RUMORED THAT ONE CAUSE OF THE SHORTAGE OF FUNDS AT LA PREVISORA HAS BEEN RODIRGO ICAZA'S (OFFICER LISTED IN PARA 14) USE OF BANK FUNDS TO PRUCHASE ANDES AIRLINES AND OTHERWISE DIVERT FUNDS TO HIS PERSONAL PROJECTS.

21. PREPARED BY B.E. CARAICOA APPROVED BY: P.J. METZLER
AT US. CONSULATE GENERAL, GUAUAQYIL.
BLOOMFIELD

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